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A detailed architectural blueprint is visible in the background on the left side of the page. It shows various floor plans and elevations with labels such as 'NORTH ELEV.', 'CORRIDOR [3]', 'EAST ELEV.', 'PLAN @ CHEEKWALL', 'W.P. CEATS 3 SIDES', 'COAT CLOSET', 'SHOE CLOSET', 'VOID SPACE', and 'SCALE: 1/8" = 1'-0"'.

OIFP's Office Structure, Organization and Operations

A Blueprint for Fighting Insurance Fraud

by Scott Patterson
and Stephanie Stenzel

When it was created on May 19, 1998, by the New Jersey Legislature pursuant to the provisions of the Automobile Insurance Cost Reduction Act (AICRA), the Office of the Insurance Fraud Prosecutor (OIFP) was established as New Jersey's designated lead agency to implement a comprehensive program to investigate and prosecute insurance fraud as effectively and efficiently as possible. Accordingly, OIFP was vested under AICRA with authority and responsibility for investigating all types of insurance fraud, and for conducting and coordinating criminal, civil, and administrative investigations and prosecutions of insurance and Medicaid fraud throughout New Jersey. In order to provide for the most effective and well integrated statewide strategy possible to combat insurance fraud, OIFP was also empowered under AICRA to oversee and coordinate the anti-insurance fraud efforts of law enforcement, and other

public agencies and departments in New Jersey, with private industry.

OIFP was established as a law enforcement agency within the Division of Criminal Justice in the Department of Law and Public Safety, under the authority of the New Jersey Attorney General, with a primary mission to criminally prosecute insurance fraud. However, in order to unify both civil and criminal authority for investigating and prosecuting insurance fraud in one agency, AICRA also required that certain civil enforcement functions previously within the purview of the Division of Insurance Fraud Prevention in the Department of Banking and Insurance be transferred to OIFP pursuant to a plan of reorganization, which became effective on August 24, 1998. Among other things, the reorganization plan transferred the entire civil investigative staff of the Division of Insurance Fraud Prevention to OIFP, thereby eradicating the former fragmented approach to



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combating insurance fraud in the State of New Jersey and consolidating both criminal and civil enforcement authority in one agency, OIFP, and under one agency head, the Insurance Fraud Prosecutor. In addition to the traditional functions of investigation and prosecution as a law enforcement agency, OIFP administers a wide range of programs designed to inform the public, train law enforcement and engage both the public and private sectors in OIFP's efforts to eradicate insurance fraud.

OIFP is managed and directed by the New Jersey Insurance Fraud Prosecutor, a gubernatorial appointee, and comprises both a criminal and civil bureau. Each bureau, in turn, is comprised of several specialized sections. In order to achieve the increased efficiencies resulting from greater specialization, OIFP undertook a major structural reorganization in 2002 and 2003, which culminated in the creation of separate investigative sections within both the criminal and civil sides of OIFP. OIFP-Criminal now includes specialized insurance fraud sections focusing on auto fraud, health and life fraud, and property and casualty fraud, as well as a Medicaid Fraud Section. OIFP-Civil is comprised of similarly specialized teams of Civil Investigators who investigate cases of possible violations of the New Jersey Insurance Fraud Prevention Act (Fraud Act) and pursue restitution and the imposition of civil fines in appropriate cases. OIFP-Civil frequently imposes fines or obtains restitution in cases where OIFP would otherwise be unable to pursue a successful criminal prosecution because of the heightened burden of proof required in criminal cases.

At the heart of OIFP's success in combating insurance fraud is a carefully crafted blueprint for receiving, screening, assigning and tracking nearly 10,000 new cases each year.

All referrals to OIFP, whether from insurance companies, the OIFP hotline or web site, citizen complaint letters or walk-ins, administrative agencies or other law enforcement agencies, are received by OIFP's Case Screening, Litigation and Analytical Support Section (CLASS). CLASS, formerly designated within OIFP as the Analytical Case Tracking and Information Unit (ACIU), services both the criminal and civil sides of OIFP. The unit is headed by a Supervising Deputy Attorney General (SDAG) and a Supervising State Investigator (SSI), and is staffed with Civil Investigators, Analysts, Technical Assistants and clerical/administrative support personnel.

The CLASS unit is more than simply a depository for all insurance fraud referrals, however. In anatomical terms, it represents the central nervous system of the OIFP organizational structure. Its primary function is to intake and input all referrals, compare them to existing databases, and then direct the referrals to the appropriate specialized units within OIFP for investigation whenever it appears that a viable insurance fraud prosecution, either civil or criminal, or both, can be developed. In those situations where the incoming referral does not involve a violation of the Fraud Act or a possible criminal violation, the CLASS unit insures that referrals are made to appropriate outside entities or agencies, such as the Department of Banking and Insurance or a professional licensing board.

Because of the lucrative nature of committing insurance fraud and the ease with which it can often be committed, the CLASS unit receives a voluminous number of referrals each year. Upon receipt of each referral by CLASS, documentation relating to the referral is promptly date stamped. Subjects of the referrals are then searched in existing databases and entered into

Law Manager, OIFP's case tracking database. Case numbers are subsequently assigned. The information received in the referral is screened by Civil Investigators who determine whether there is sufficient evidence to initiate a civil and/or criminal investigation. If a referral appears to involve a criminal violation, it is reviewed by the SDAG who decides whether to accept or decline it for criminal investigation. The screening process usually includes obtaining additional background information on subjects from queries of various governmental and public records databases. All cases are then assigned for investigation, referred to other agencies, or closed and referenced for possible later review, should the subject of the referral again come to the attention of OIFP authorities.

Cases that warrant investigation are coded by type of insurance fraud, such as auto, life or disability, and assigned to one of OIFP's three regional offices. After cases have been assigned, Analysts and Technical Assistants in CLASS continue to support civil and criminal investigators by providing additional database support, as needed, and in-depth analyses of evidence developed in designated cases. Many of OIFP's larger and more complex investigations often require CLASS unit Analysts and Technical Assistants to assist in the investigations, and, on a case by case basis, use a variety of cutting edge software applications to analyze complex relationships among individuals, businesses, and their financial dealings. Depending upon the requirements of the investigation, various types of analyses are performed, including association, event flow, insurance claim, commodity flow, financial transaction, times series, telephone record, and statistical analyses. Among the records that may be subject to OIFP's various analytical tools are insurance billings, financial records,

corporate filings, investigative reports, surveillance reports, telephone tolls, electronic surveillance transcripts or tapes, interviews, testimony and public databases. Typically, the products generated by an OIFP Analyst include reports, tables, graphs, charts, flow diagrams and free form charts, many of which are later used as Grand Jury or trial exhibits.

OIFP's success is attributable, in great part, to the ability of its several information management systems to track and manage cases. These systems contain information for tracking and managing cases referred to, and from, OIFP, as well as information which can be tapped for investigative research to identify possible patterns and trends in insurance fraud. The Law





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Manager Database Integrated Computerized Case Tracking System, which captures data in incoming referrals to OIFP and monitors the progress of investigations stemming from those referrals, was significantly enhanced in 2003 to incorporate information on criminal, as well as civil, investigations.

Always in the forefront of fighting fraud, OIFP partnered in 2003 with Insurance Claims Services, Inc., while addressing AICRA's mandate for the development and maintenance of an All Claims Database. The All Claims Database will enable OIFP to access claims related to auto accidents and related property damage for all New Jersey insurance carriers writing premiums in excess of \$2 million per year, and who are required by law to submit claims to the organization. Most insurers in New Jersey write enough auto insurance business in New Jersey to meet the threshold for submitting their data, making the database a substantial and relatively comprehensive investigative resource.

Access to the All Claims Database and the ability to review nearly all claims submitted in New Jersey will now provide OIFP with a bird's eye view of automobile accident claim activity that would not otherwise be accessible to individual carriers. Analysis of the claims data will also enable OIFP trained personnel to detect new and emerging trends and patterns of insurance fraud. Link analysis tools integrated with the All Claims Database will allow investigators and analysts to associate claimants, automobiles, providers, and attorneys in such a way that staged auto accidents and orchestrated "ring" activities can be detected. These software applications will prove beneficial not only to the State Investigators who use them in developing their investigations, but also to prosecutors, judges and jurors when the investigations are complete and matters proceed to trial.

OIFP is mindful that insurance cheats continually refine current fraud schemes and seek ways to devise new ones. History has demonstrated that, to be effective in combating fraud, OIFP must continue its leadership role in pursuing insurance "fraudsters" with the most effective investigative and legal "ammunition" possible. Using current and innovative analytical software and employing the most highly trained personnel is essential to this task. The goal of deterring, if not eradicating, insurance fraud in New Jersey is an enormous one. Carefully contemplated and crafted legislation enacted by our elected representatives, which provides our prosecutors and investigators with the most effective tools to investigate and prosecute insurance fraud, together with OIFP's commitment to "stay ahead of the curve" in the areas of personnel, training and technological advances, will only continue to ensure that OIFP's vision of defeating insurance fraud on every front becomes a reality.

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